



# Finance Committee Briefing

## July, 2015 YTD Results

## 2016 Budget Update

### General Fund

### Dayton City Commission Work Session

August 26, 2015





## July, 2015 YTD Budget Update

1. General Fund Financial Results through July, 2015
  - a) Financial statements now incorporate revised revenue estimates as well as revised expenditure appropriation
  - b) Comparisons to the YTD budget now reflect comparisons to the revised budget amounts
2. Update on 2016 Budget Process
  - a) Policy Budget Matrix Development
  - b) Budget analysis work underway



## General Fund Overview

1. Revenues and other sources through July are \$200,000 under the revised estimate and are \$3.2 M (or 3.5%) greater than the same period in 2014.
2. Expenditures are \$5.0M or 5% under the revised budget.
  - Note: Expenditures through July, 2015 include an extra payroll of \$2.7 million.
3. Overall, at the end of July, total sources exceeded total uses by \$800,000.



# Finance Committee Briefing • July 2015 YTD General Fund Results



(In millions, Does not Include Special Projects)

	2015 Original Budget	2015 Revised Budget	2015 YTD Revised Budget	2015 YTD Actuals	Budget Variance	Budget Variance	2014 YTD Actuals	2015 YTD Actuals	'14-'15 \$ Chg.	'14-'15 % Chg.
<b>Revenues &amp; Other Sources</b>										
Income Tax	103.6	107.3	63.9	64.1	0.2	0.3%	60.1	64.1	4.0	6.7%
Property Tax	5.2	5.4	5.0	4.6	(0.5)	-9.5%	5.3	4.6	(0.7)	-13.5%
Local Gov't Fund	6.9	6.9	4.3	4.3	0.0	0.0%	3.9	4.3	0.4	9.6%
EMS Fees	4.7	4.8	2.7	3.1	0.5	18.2%	2.6	3.1	0.6	22.8%
Fees, Charges & Other Sources	30.1	30.2	17.7	17.4	(0.3)	-1.4%	18.4	17.4	(1.0)	-5.3%
Casino	3.3	3.2	2.4	2.3	(0.1)	-3.1%	2.4	2.3	(0.1)	-3.6%
<b>Total Sources</b>	<b>153.9</b>	<b>157.8</b>	<b>96.0</b>	<b>95.8</b>	<b>(0.2)</b>	<b>-0.2%</b>	<b>92.6</b>	<b>95.8</b>	<b>3.2</b>	<b>3.5%</b>
Use of Cash Reserve	2.5	2.5	0.0	0.0	0.0	N.A.	0.0	0.0	0.0	N.A.
27th Payroll	2.3	2.3	0.0	0.0	0.0	N.A.	0.0	0.0	0.0	N.A.
<b>Total Sources &amp; App. Fund Balance</b>	<b>158.6</b>	<b>162.6</b>	<b>96.0</b>	<b>95.8</b>	<b>(0.2)</b>	<b>-0.2%</b>	<b>92.6</b>	<b>95.8</b>	<b>3.2</b>	<b>3.5%</b>
<b>Expenditures &amp; Other Uses</b>										
Personnel	114.2	114.1	69.5	66.3	3.2	4.6%	63.2	66.3	3.1	4.9%
Contracts, Materials & Other Uses	36.0	38.8	23.2	21.4	1.8	7.8%	23.1	21.4	(1.7)	-7.4%
Capital Equipment	3.4	2.5	0.7	0.7	0.0	0.0%	1.2	0.7	(0.5)	-43.3%
Capital Improvements	2.5	4.6	4.1	4.1	0.0	N.A.	0.7	4.1	3.4	486%
Development	2.5	2.5	2.5	2.5	0.0	N.A.	5.0	2.5	(2.5)	-50.0%
<b>Total Uses</b>	<b>158.6</b>	<b>162.6</b>	<b>100.0</b>	<b>95.0</b>	<b>5.0</b>	<b>5.0%</b>	<b>93.2</b>	<b>95.0</b>	<b>1.8</b>	<b>1.9%</b>
<b>Excess/(Shortfall) of Sources</b>										
<b>Over Uses</b>	<b>0.0</b>	<b>0.0</b>	<b>(4.0)</b>	<b>0.8</b>			<b>(0.6)</b>	<b>0.8</b>		

**Notes:**

1. Amounts may not sum due to rounding. Does not include special projects, which are reported separately.
2. 2015 Budget includes adopted budget only and does not include prior year's encumbrances.
3. Actuals include exp. against current year appropriation and against prior year's appropriation that carried forward.
4. Other Sources includes interest earnings and operating transfers in.
5. Other Uses include debt service and miscellaneous operating transfers out.

# Finance Committee Briefing • GF Original Compared to Revised Budget



(In \$millions, Does not Include Special Projects)						
	2014 Actual	2015 Original Budget	2015 Revised Budget	Revised versus Original Budget	2014 Actual to Original Budget	2014 Actual to Revised Budget
<b>Revenues &amp; Other Sources</b>						
Income Tax	102.7	103.6	107.3	3.7	0.9%	4.5%
Property Tax	5.7	5.2	5.4	0.2	-8.8%	-5.3%
Local Gov't Fund	6.7	6.9	6.9	-	3.0%	3.0%
EMS Fees	4.5	4.7	4.8	0.1	4.4%	6.7%
Fees, Charges & Other Sources	32.4	30.1	30.2	0.1	-7.1%	-6.8%
Casino	3.2	3.3	3.2	(0.1)	3.1%	0.0%
<b>Total Sources</b>	<b>155.2</b>	<b>153.8</b>	<b>157.8</b>	<b>4.0</b>	<b>-0.9%</b>	<b>1.7%</b>
Use of Cash Reserve	1.7	2.5	2.5	-	47.1%	47.1%
27th Payroll	-	2.3	2.3	-	N/A	N/A
<b>Total Sources &amp; App. Fund Balance</b>	<b>156.9</b>	<b>158.6</b>	<b>162.6</b>	<b>4.0</b>	<b>1.1%</b>	<b>3.6%</b>
<b>Expenditures &amp; Other Uses</b>						
Personnel	108.2	114.2	114.1	(0.1)	5.5%	5.5%
Contracts, Materials & Other Uses	39.1	36.0	38.8	2.8	-7.9%	-0.8%
Capital Equipment	2.1	3.4	2.5	(0.9)	61.9%	19.0%
Capital Improvements	2.5	2.5	4.6	2.1	0.0%	84.0%
Development	5.0	2.5	2.5	-	-50.0%	-50.0%
<b>Total Uses</b>	<b>156.9</b>	<b>158.6</b>	<b>162.6</b>	<b>4.0</b>	<b>1.1%</b>	<b>3.6%</b>
<b>Excess/(Shortfall) of Sources Over Uses</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		
Notes:						
1. Amounts may not sum due to rounding. Does not include special projects, which are reported separately.						
2. 2015 Budget includes adopted budget only and does not include prior year's encumbrances.						
3. Actuals include exp. against current year appropriation and against prior year's appropriation that carried forward.						
4. Other Sources includes interest earnings and operating transfers in.						
5. Other Uses include debt service and miscellaneous operating transfers out.						

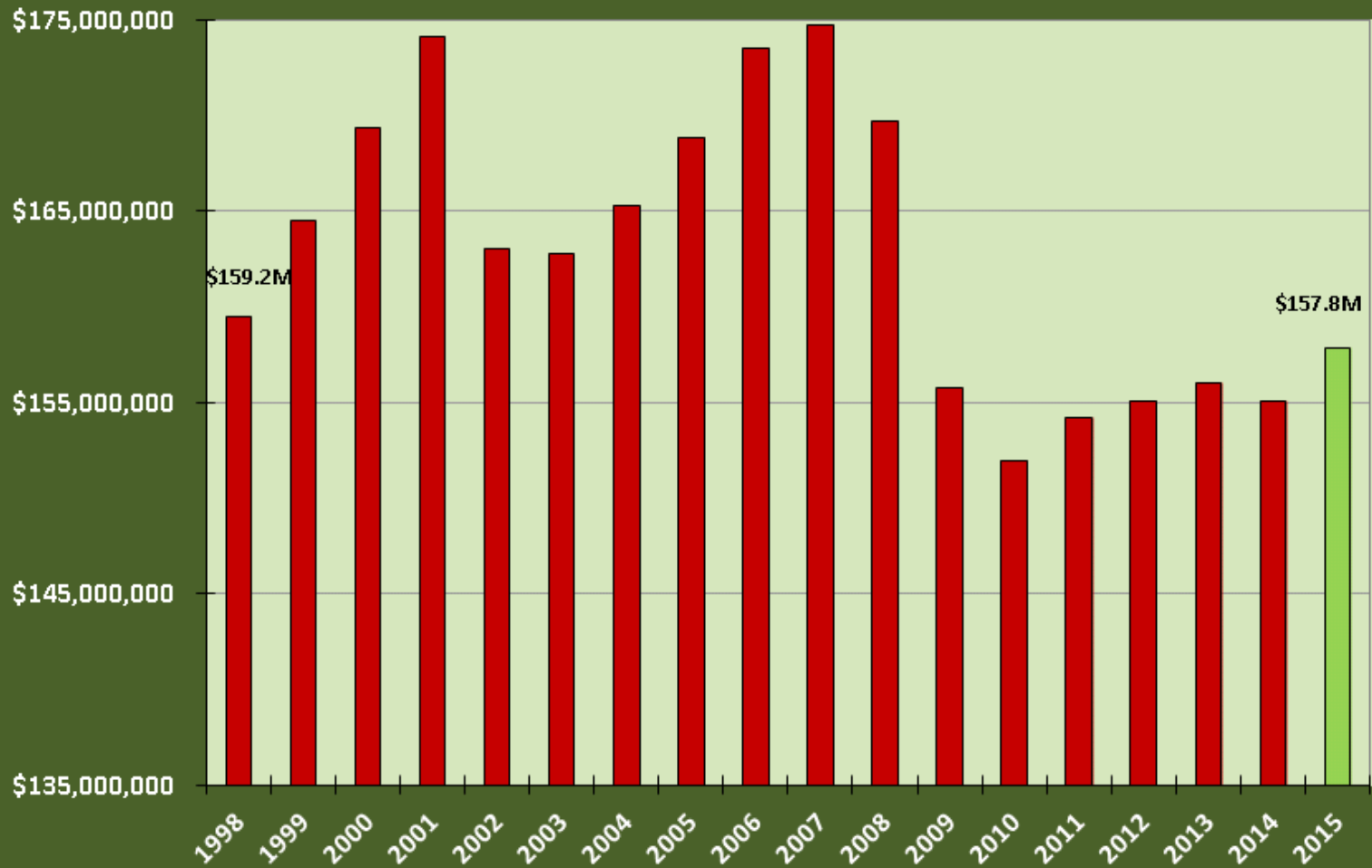
See  
Appendix  
for Detail





## Total General Fund Revenue

Excluding Special Projects



2015 is an Estimate

# Finance Committee Briefing • July 2015 YTD General Fund Results

## 2015 Year To Date Tracking



% Change over Prior Year							
	Jan YTD	Feb YTD	Mar YTD	Apr YTD	May YTD	Jun YTD	Jul YTD
Income Tax	2.5%	4.9%	8.6%	5.8%	7.1%	7.0%	6.7%
<b>Total Revenue &amp; Other Sources</b>	<b>-0.1%</b>	<b>-1.4%</b>	<b>4.2%</b>	<b>3.6%</b>	<b>4.2%</b>	<b>4.9%</b>	<b>3.5%</b>
Personnel	0.4%	0.3%	0.2%	0.0%	0.4%	0.9%	4.9%
<b>Total Expenditures &amp; Other Uses</b>	<b>-3.3%</b>	<b>-3.9%</b>	<b>-3.4%</b>	<b>-1.8%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>1.9%</b>
<b>Revenue &amp; Other Sources over Exp &amp; Other Uses</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>0.4</b>	<b>(0.2)</b>	<b>1.4</b>	<b>3.6</b>	<b>0.8</b>

Includes extra Friday income tax collections

Reflects annual filing for income tax which is the largest collection month

Denotes Month(s) with Three City Payrolls

Sources and Uses by Month								
	Jan MTD	Feb MTD	Mar MTD	Apr MTD	May MTD	Jun MTD	Jul MTD	Jul YTD
Sources	13.1	12.5	14.3	16.5	12.4	13.5	13.6	95.8
Uses	15.5	12.9	11.1	17.0	10.8	11.3	16.3	95.0
<b>Monthly Excess/(Shortfall)</b>	<b>(2.4)</b>	<b>(0.4)</b>	<b>3.2</b>	<b>(0.5)</b>	<b>1.6</b>	<b>2.1</b>	<b>(2.7)</b>	<b>0.8</b>

Extra PF/BB Pay of \$2.5M and Annual Health Savings Account Expenditure of \$2.6M

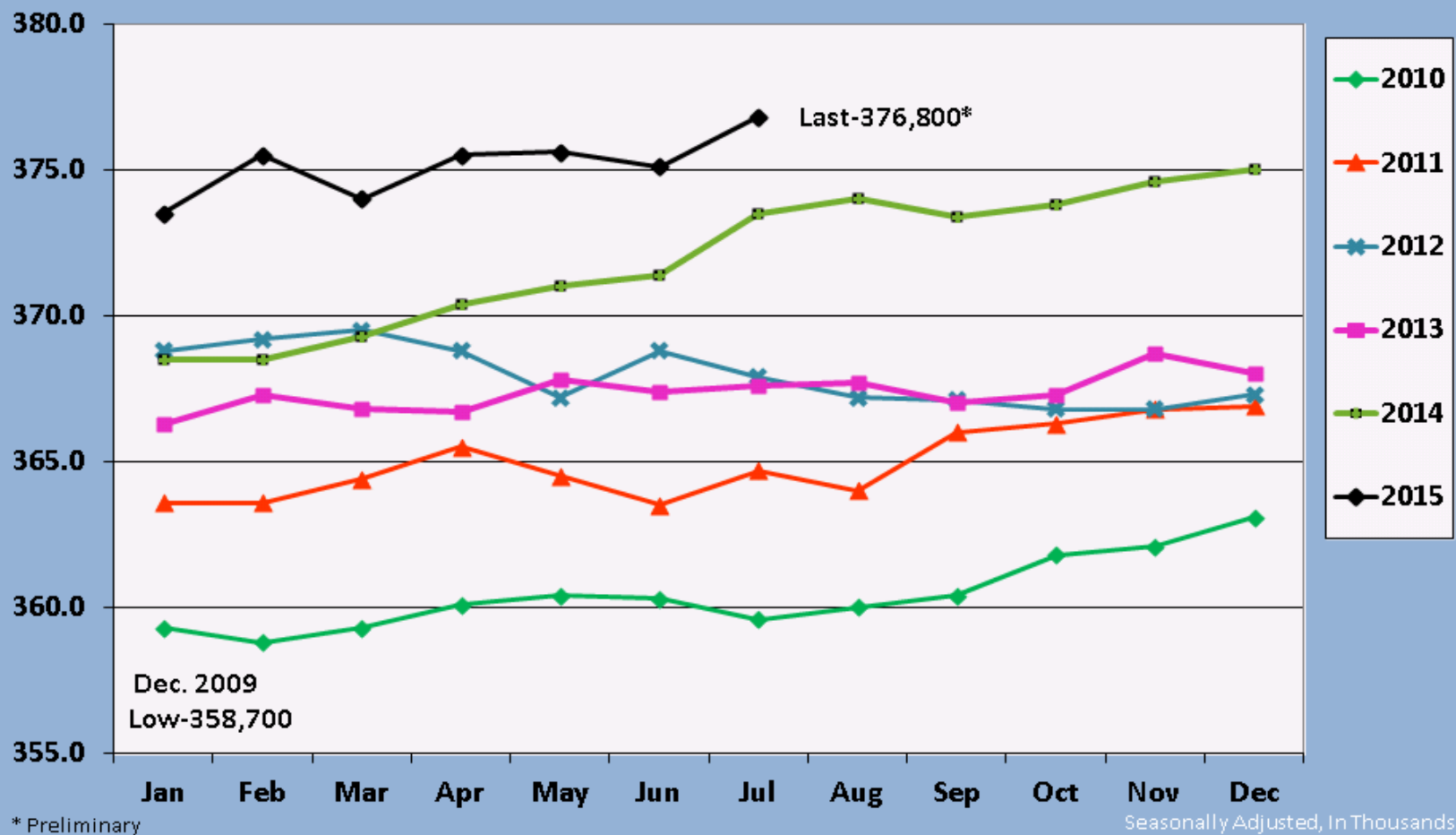
Includes annual Capital (\$2.5 M) and Development (\$2.5 M) transfers





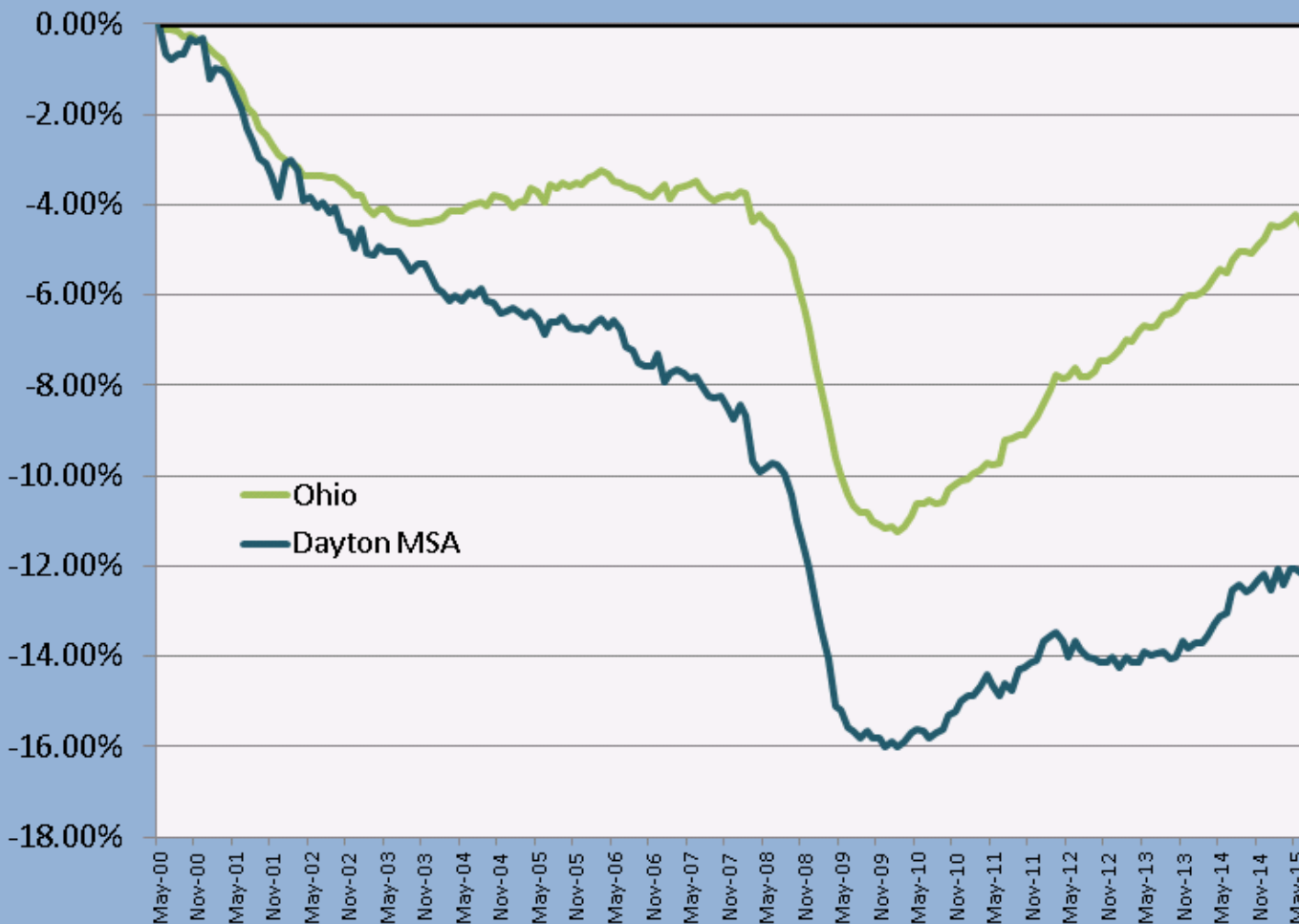
## Dayton MSA Total Non-Farm Employment

From Peak to Trough the Region Lost 68,400 or 16% of the Job Base  
Employment is up by 18,100 Jobs Since December of 2009  
(in thousands)





## Dayton MSA vs Ohio Employment Loss Since 2000 Peak

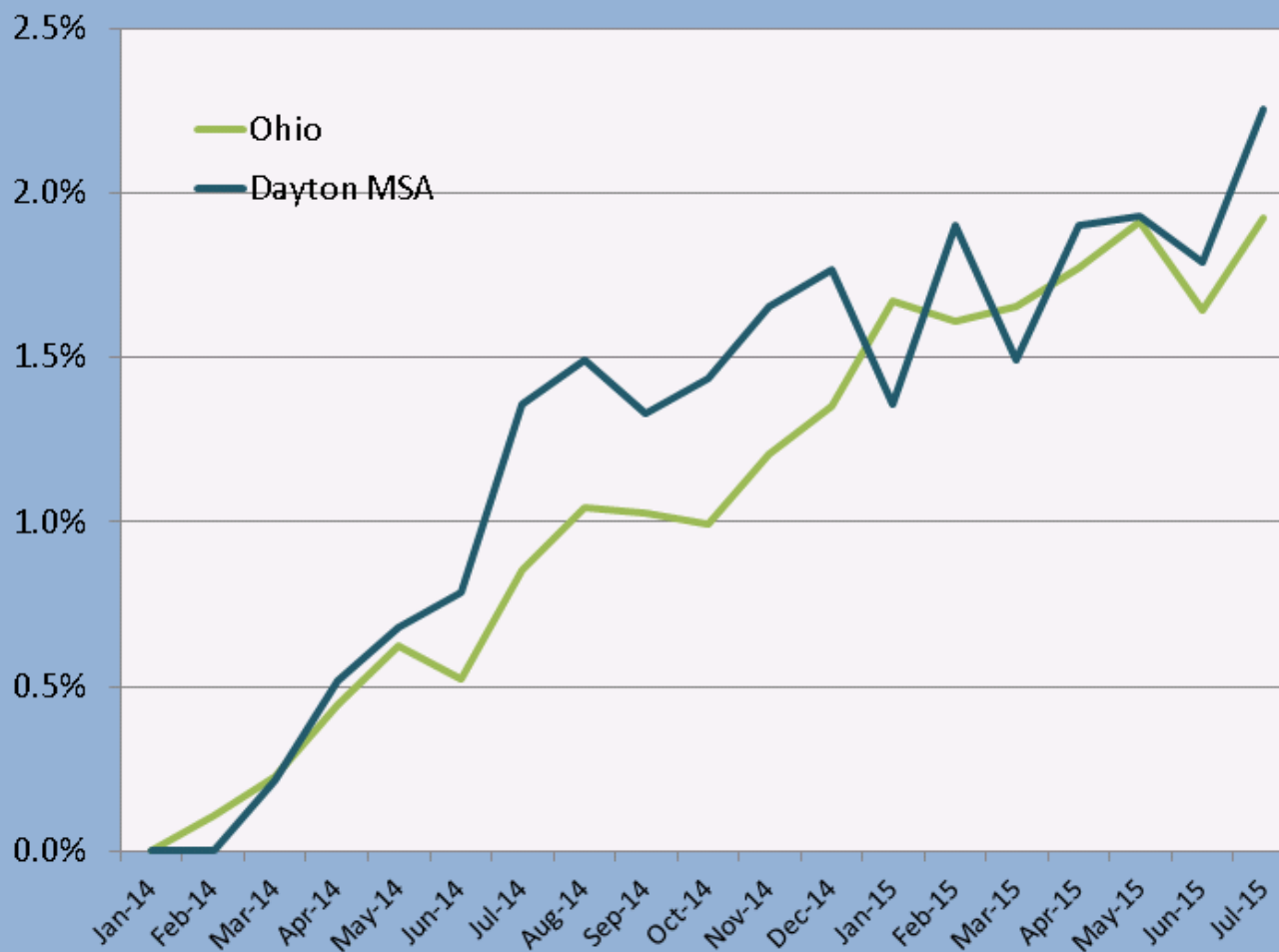


Ohio  
4.2% Decrease  
-237,100  
From 5.636M  
to 5.399M

Dayton MSA  
11.8% Decrease  
-50,300  
From 427,100  
to 376,800



## Dayton MSA vs Ohio Employment Growth Since January 2014



Dayton MSA  
2.3% Increase  
+8,300  
From 368,500  
to 376,800

Ohio  
1.9% Increase  
+101,900  
From 5.297M  
5.399M

## 2015 General Fund Revenues

- Income tax revenues are slightly ahead (\$200,000 or 0.3%) of the revised estimate and are 7% or \$4.0 M greater than last year.
  1. The revised revenue estimate for income tax reflects an increase of 4% over 2014 (versus the original estimate of 1% growth).
  2. YTD withholding collections climbed 4.3% or \$2.3M over last year.
  3. Taxes from business profits are up \$1 million, or 16%, of which almost all are attributable to corporations.
  4. YTD growth is being driven, in part, by a higher level of delinquency collections (up \$1.2 million from 2014).
  5. Revenues include \$362,000 in JEDD income tax distributions to Dayton's General Fund (for multiple years).



## 2015 General Fund Revenues

- Property Tax revenues through July are \$500,000 (or 10%) under the YTD estimate – the timing of advances can affect collections.
  1. The first half collections reflected a decline of 5%.
  2. We revised the forecast upward from an 8% decline to a 5% decline, an improvement of \$173,000.
  3. We originally forecasted an 8% decrease in collections as real estate property values fell as a result of the six-year real property revaluation.
  4. The second half settlement should be posted in September which will give us a more complete picture.





## 2015 General Fund Revenues

- Local Government Fund (LGF) receipts reflect the YTD estimate. The revenue estimate was revised upward due to the strong growth in State tax revenues despite the State revenue sharing cuts.
  1. LGF receipts are being affected by the State's redirection of a large portion of the municipal direct allocation to townships and villages.
    - Estimated annual impact is \$826,000 with impact in 2015 estimated at \$325,000.

## 2015 General Fund Revenues

- Fees, Charges & Other Sources are \$300,000 or 1% below the revised estimate, and are down \$1 million (or 5%) from 2014.
  1. Original forecast for public safety traffic enforcement revenues totaled \$350,000. Actual collections through July, 2015 total \$1.6 M.
  2. Offsetting this increase are declines in courts, weed mowing, and waste collection revenues.
  3. In addition, 2014 revenues included the \$1 million racino host payment and accounts for the significant decline in this category year over year.
  4. On a positive note, permit activity is up overall.
- Casino Taxes total \$2.3 M through July and are 4% (or \$100,000) less than last year.
- Ongoing racino payment (\$500,000) was approved in the State budget but only for a 2 year period. We expect this payment by December 31, 2015.



## 2015 General Fund Expenditures

- Personnel Costs are under budget by 5% or \$3.2M and are up \$3.1 million compared to the first seven months of 2014.
  1. An additional PF/BB payroll in 2015 compared to the same time last year represents \$2.7 million of the \$3.1 million increase – when factored out, growth is 0.6%.
  2. Negotiated wage increase of 3% has been implemented for Police, Building Trades, and D.P.S.U. employees including retroactive pay. PTS employees 3% increase is in process and retroactive pay will likely be completed by the end of August. The I.A.F.F. negotiations continue.
  3. The average number of employees in the General and Street Maintenance Funds declined by 25 positions or 2%, from 1,218 to 1,193 (July, 2014 YTD to July, 2015 YTD).



## 2015 General Fund Expenditures

- Contracts, materials & other uses are under budget by \$1.8 million (or 8%) at the end of July, reflecting an 7% decline in spending compared to the same period last year.
  1. The reimbursement to schools of \$382,000 occurred in January of 2014 (delayed from December, 2013).
  2. YTD 2014 activity includes \$350,000 for a transfer to capital to replace street lights that is now part of the Street Lighting assessment.
  3. Expenditures are trending downward in telephone, maintenance agreements, and natural gas costs.



## 2016 Budget Update

1. Departments and OMB are analyzing options for the 2016 budget.
2. After several months of dialogue regarding the new budget process, the Community Service Area matrix has been developed and we will continue to refine but would like your feedback by Sept. 8 to proceed with new process.
3. Initial department training provided by OMB almost completed.



[illegible]

## Special Issues

1. Mid-year cuts to the Local Government Fund will constrain 2015 and 2016 revenue growth (State redirecting LGF funds from cities to townships and villages).
2. Options for funding investments in 2016 – 2017 are being explored.
3. Policy budget discussions will continue.





**Thank you.**

Questions?



## Summary of 2015 General Fund Revised Budget

General Fund -- Operating Budget Adjustments		Amount
	Civil Service -- Police/Fire Recruitment Costs	53,200
	City Manager's Office -- Training and Office Equipment	9,000
	Public Affairs -- Intern, van repairs	15,000
	Economic Development -- Pre-development costs	143,700
	Central Services - Optica Contract moved from Police	267,700
	Human Resources -- addition of 2 positions	175,000
	Police - increase for Photo Enf. (\$535,000) less Optica Contract moved to CS	267,300
	OMB -- Contract Audit Services and Open Gov Software and Support	141,000
	Fire -- Ladder repair and facility maintenance costs	72,000
	Public Works -- Summer Alley Clean Up Program, fleet charges, grant matches	186,600
	Recreation -- Electric charges, funding for Conv. Ctr. Study, tree removal	164,800
	Non-Departmental -- Reduction of contingency funds	(391,700)
	<b>Sub-total</b>	<b><u>1,103,600</u></b>
	<b>Excludes Reorganization Changes</b>	

# Summary of 2015 General Fund Revised Budget



Transfers to Special Revenue Funds from Income Tax:		<b>Amount</b>
	Street Maintenance Fund (replacement salt purchases, equipment repairs)	735,000
	Police COPS Hiring Grant shortfall	500,000
	<b>Sub-total</b>	<b>1,235,000</b>
Transfers for Technology Projects from Income Tax:		
	Finance Tax System Changes -- State Income Tax Compliance	230,200
	Finance (Accounts Receivable Improvements)	40,000
	Central Services -- Procurement Card Compliance Activities	150,000
	Central Services -- Parking Garage Ticketing and Credit Card Enhancements	521,000
	<b>Sub-total</b>	<b>941,200</b>
Transfers for Various Capital Projects from Income Tax:		
	Fire Radio Project (Testing equipment and upgrade of existing radios)	130,000
	Public Works Engineering and Design (TIGER application prep.)	160,000
	Public Works Dragons Stadium Plaza Repairs	23,000
	Central Services/GDRC Pool Boiler Replacement	110,000
	Central Services/Lohrey HVAC Controls Replacement	20,000
	Central Services/General Maintenance Funds	250,000
	<b>Sub-total</b>	<b>693,000</b>
	<b>Total Adjustment for General Fund Transfers</b>	<b><u>2,869,200</u></b>
	<b>Total Changes to General Fund Appropriation in First Revised</b>	<b><u>3,972,800</u></b>
	<b>Excludes Reorganization Changes</b>	